

Health Care Expenses in Retirement

We all know that we should be saving for living expenses during retirement, but have you thought about how much you'll need to pay for medical expenses? According to the National Association of Insurance Commissioners, seniors spend more on out-of-pocket health care than any other age group.

Some Considerations to Keep in Mind

Health care expenses are highly individualized. Ask yourself some questions:

- Do you have significant health issues or have reason to believe that you may have them in the future?
- What are your options for paying for long-term care?
- Will you be able to age in your home, or is it likely that you will need assistance?

Medicare

Medicare is a federally funded insurance program for eligible participants 65 and over and for some people with disabilities. Medicare has four basic forms of coverage:

- **Part A:** Pays for hospitalization costs (this is the "free" portion of Medicare supported by a payroll tax you paid during your working years).
- **Part B:** Pays for physician services, lab and x-ray services, durable medical equipment and outpatient services.
- **Part C:** Medicare Advantage Plan (like an HMO or PPO) offered by private companies approved by Medicare. The cost of Part C depends on the plan you choose and may be cheaper than other options.
- **Part D:** Assists with prescription drug costs.

Premiums are income-based and do not begin until you qualify for Medicare. Medicare is valuable but will not pay for everything which is why Medicare Supplement Insurance should be considered.

Medicare deadlines are extremely important. If you decide Medicare is right for you, it's better to sign up at the right time than be subject to late penalties. The initial enrollment period lasts seven months – from three months before the month of your 65th birthday to three months after that month. If you have questions, contact the Louisiana Senior Health Insurance Information Program at 1-800-259-5300.

The Marketplace

If you retire before you turn 65, you are still required to have health insurance or pay a penalty. After retirement, medical and health insurance from your prior job is typically available for up to 36 months through COBRA. You can also research the variety of health coverage options on the Marketplace. Depending on your income, there may be subsidies available to help with your Marketplace premium. You may also qualify for a special enrollment period if you lose coverage from a job, meaning you won't have to wait for the open enrollment period.



Louisiana Department of Insurance
James J. Donelon, Commissioner

Phone toll-free: 1-800-259-5300
Website: www.lds.la.gov